



**SOUTHWEST POWER POOL, INC.
MARKETS+ DESIGN WORKING GROUP MEETING
10/26/2023
Arizona Public Service; Phoenix, AZ
& Net-Conference**

SUMMARY OF MOTIONS AND ACTION ITEMS

MDWG MOTIONS:

1. Agenda Items 4, 4a, and 4b – Consent Agenda: 10/10/2023 MDWG Minutes and 10/11/2023 MDWG Minutes

Motion: Scott Miller (WPTF) motioned to approve the consent agenda as presented. Laura Trolese (TEA) provided the second. Motion carried unanimously.

2. Agenda Item 7 – Scarcity Pricing

Motion: Lindsey Schlekeway (NVE) motioned to approve SPP's Offer Cap/Offer Floor proposals as presented by SPP, amended to reflect the MMU Energy Offer Floor of - \$150/MWh, and the Interchange Offer and Virtual Energy Offer Cap \$1,000/MWh unless a Resource Offer has been approved by the MMU above \$1,000/MWh. Kent Walter (APS) provided the second.

Motion: Sibyl Geiselman (PGP) motioned to table the motion until the presentation is finished. Russ Mantifel (BPA) provided the second. Motion carried unanimously.

Motion: Russ Mantifel (BPA) motioned to table the original motion to the November 17th MDWG meeting and create a sub-group with participants from the MDWG and MSWG to address the proposals in the tabled motion on the SPP Offer Cap/Offer Floor. Mike Linn (PPC) provided the second. Motion carried unanimously.

3. Agenda Item 8a – Attachment A, Sections 2.1.1-2.1.3 and 5.4: Virtuals

Motion: Kent Walter (APS) motioned to approve Attachment A, Sections 2.1.1-2.1.3 and 5.4 (Virtuals) as modified during the MDWG. Scott Miller (WPTF) provided the second. Motion carried with two abstentions (PGP and WRA).

4. Agenda Item 8c – Attachment A, Sec. 4.3-4.3.3: Interchange Transactions

Motion: Tuuli Hakala (CCPUD) motioned to adopt Attachment A, Sections 4.3-4.3.3 (Interchange Transactions) as presented and approved by the Markets+ Seams Working Group (MSWG). Laura Trolese (TEA) provided the second. Motion carried with one abstention (PGP).

5. Agenda Item 8d – Attachment A, Sec. 2.3.2: Congestion Management



Motion: Russ Mantifel (BPA) motioned to adopt Attachment A, Section 2.3.2 (Congestion Management) as presented and approved by the MSWG. Kent Walter (APS) provided the second. Motion carried unanimously.

6. Agenda Item 10a – Attachment D: Markets+ Transmission

MDWG Motion: Mike Linn (PPC) motioned to adopt Attachment D (Markets+ Transmission) and Attachment A, Sections 8-8.3 (Transmission Capacity Obligations) as presented and approved by the Markets+ Transmission Working Group (MTWG). Laura Trolese (TEA) provided the second. Motion carried with two abstentions (APS and SRP).

Arizona Public Service (APS) Abstention: *APS abstained from approving the transmission tariff language because the language includes the ability to remove transmission from the market and defers critical design components to the protocols for what transmission is eligible and how it will operate within the market solution.*

7. Agenda Item 10b – Attachment A: Markets Transmission Use (MTU) Charge Settlements

MDWG Motion: Laura Trolese (TEA) motioned to endorse the Markets+ Transmission Use (MTU) settlements charge types as presented. Russ Mantifel (BPA) provided the second. Motion carried with one abstention (SCPUD).

Snohomish County Public Utility District (SCPUD) Abstention: *SCPUD agrees the tariff language captures the intent of the service offering and scope of MRTF. However, Snohomish has an ongoing concern that this MTU charge only addresses lost ST sales revenue for TSPs and does not address potentially lost secondary transmission sales revenue by holders of TSRs.*

ACTION ITEMS:

Action Item: Markets+ Design Working Group (MDWG) staff secretary, Kristen Darden, will send an email to the MDWG and MSWG email distribution lists seeking volunteers for a subgroup of stakeholders to work through the Markets+ Scarcity Pricing proposal, specific to the Virtuals Offer Floor/Offer Cap and Interchange Transactions Offer Floor/Offer Cap.



**SOUTHWEST POWER POOL
MARKETS+ DESIGN WORKING GROUP MEETING
October 26th, 2023 | 9:00 a.m. – 5:00 p.m., PT | 10:00 a.m. – 6:00 p.m., MT |
11:00 a.m. – 7:00 p.m., CPT**

Arizona Public Service; Phoenix, AZ

Net-Conference

WebEx Recording:

<https://mysppmeeting.webex.com/webappng/sites/mysppmeeting/recording/8d6eec65643103cbfbf005056815bb7/playback> |

Recording Password: eZ9M6mP2

MINUTES

AGENDA ITEM 1 – ADMINISTRATIVE ITEMS: CALL TO ORDER, STATEMENTS, ATTENDANCE, AND AGENDA REVIEW

The Markets+ Design Working Group (MDWG) Chair, Russ Mantifel (BPA) called the meeting to order at 9:30 a.m., PT/10:30 a.m., MT/11:30 a.m., CPT and reviewed the agenda. MDWG Staff Secretary, Kristen Darden (SPP), read the recording notice and SPP anti-trust statements.

The following members attended or were represented by proxy*:

- Russ Mantifel (Chair), BPA
- Nick Detmer (Vice-Chair), Xcel/PSCo*
- Adam Cornelius, SNPD
- Alycia Kramer, BPEC
- Ann Rendahl, WA Commissioner
- Andy Butcher, Black Hills Energy
- Barbara Cenalmor, Salt River Project
- Blake Pederson, TEP
- Chris Green, EDE
- Dave Zvareck, ACES/AEPCO
- Jeff Spires, Powerex
- Kent Walter, APS
- Laura Trolese, TEA
- Lindsey Schlekeway, NV Energy
- Richard Seide, GS
- Rick Applegate, TPU
- Scott Miller, WPTF
- Sibyl Geiselman, PGP
- Tuuli Hakala, CCPUD
- Vijay Satyal, Western Resource Advocates (WRA)



- Vincent Ching, PSE*

AGENDA ITEM 2 – REVIEW OF PAST ACTION ITEMS

Kristen provided an update on four MDWG action items, recommending closure for all:

- AI10: MRATF's Must-Offer Obligation Design Recommendation
- AI13: SPP MMU RSI Education
- AI14: MMU Attachments B and C Stakeholder Feedback
- AI15: SPP Legal Review of Attachment A, Sec. 6.4 (Market Manipulation)

AGENDA ITEM 3 – MARKETS+ SERVICE OFFERING STOPLIGHT

Kristen provided a Markets+ Service Offering Stoplight update, reviewing items in yellow.

AGENDA ITEMS 4 AND 4A – CONSENT AGENDA: 10/10/2023 MDWG MINUTES AND 10/11/2023 MDWG MINUTES

Kristen introduced the consent agenda items for approval.

Motion: Scott Miller (WPTF) motioned to approve the consent agenda as presented. Laura Trolese (TEA) provided the second. Motion carried unanimously.

AGENDA ITEM 5 – LIAISON REPORT: MCRTF

Jeff Spires (Powerex) provided an update of the MCRTF's efforts.

AGENDA ITEMS 6, 6A, 6B – MARKETS+ SEAMS EDUCATION, INTERCHANGE TRANSACTIONS, AND MARKET AWARD PRIORITY

Interchange Transactions

Tuuli Hakala (CCPUD) provided an overview of the Interchange Transaction design unanimously approved by the Markets+ Seams Working Group (MSWG), explaining the objective and goals of imports, exports, and wheelthroughs. Tuuli stated the MSWG supported distinguishing imports and Uncommitted Imports coming into the Markets+ Footprint based on the associated supply. MSWG additionally supports that the Market Operator may require additional commitments (for example additional flex reserves up or additional capacity procured through RUC) necessary to manage the risk inherent to uncommitted imports and any incremental costs associated with those commitments will be allocated to the uncommitted imports.

Market Award Priority



Tuuli provided an overview MSWG's work on priority of supply during tight conditions (market award priority), stating the goal is to develop rules that prioritize deliveries of market supply. Tuuli reinstated that SPP is strictly the Market Operator and not a Balancing Authority (BA) or Transmission Service Provider (TSP). She explained a mechanism is needed to develop a design for how the prioritization of imports will be handled during scarce conditions. After further discussion, the MDWG will take the lead on creating Market Award Priority design language.

AGENDA ITEM 7 – SCARCITY PRICING

Jim Gonzalez (SPP) provided an overview of Markets+ price formation, discussing the policies that impact pricing:

- Transaction Prioritization and Balancing Authority Area (BAA) sufficiency
- Flex Products
- Offer Caps
- Violation Relaxation Limits (VRLs)

Jim reviewed the current Energy Offer Caps and Floors, explaining SPP recommends an Energy Offer Floor of -\$500 to stay consistent with boilerplate design, while the SPP MMU proposes -\$150. Jim proposed the following SPP Offer Caps and Floors:

- Energy Offer Soft Cap - \$1,000/MWh
- Energy Offer Hard Cap - \$2,000/MWh
- Virtual Energy Offer Cap - \$2,000/MWh
- Interchange Offer Cap - \$2,000/MWh
- Energy Offer Floor - -\$500
- Start-Up Offer Floor - \$0
- No-load Offer Floor - \$0
- Flexibility Reserve Products Cap - \$1,000/MWh
- Flexibility Reserve Products Floor - \$0/MWh

The group discussed the Virtuals Offer Cap and proposed adjusting SPP's "boilerplate" language to match the CAISO approach, in an effort to mitigate potential price differences at locations along the Markets+ and CAISO seams. SPP Staff raised concerns about the proposed adjustment deviating from FERC Order 831 (Offer Caps). After further discussion, the group decided to create a sub-group of volunteers from the MDWG and MSWG to work together in developing the referenced Offer Caps and Floor:

- Virtual Energy Offer Cap - \$2,000/MWh
- Interchange Offer Cap - \$2,000/MWh
- Flexibility Reserve Products Cap - \$1,000/MWh
- Flexibility Reserve Products Floor - \$0/MWh

An update on the proposed design will be provided during the November 17th MDWG meeting.



Motion: Lindsey Schlekeway (NVE) motioned to approve SPP's Offer Cap/Offer Floor proposals as presented by SPP, amended to reflect the MMU Energy Offer Floor of -\$150/MWh, and the Interchange Offer and Virtual Energy Offer Cap \$1,000/MWh unless a Resource Offer has been approved by the MMU above \$1,000/MWh. Kent Walter (APS) provided the second.

Motion: Sibyl Geiselman (PGP) motioned to table the motion until the presentation is finished. Russ Mantifel (BPA) provided the second. Motion carried unanimously.

Motion: Russ Mantifel (BPA) motioned to table the original motion to the November 17th MDWG meeting and create a sub-group with participants from the MDWG and MSWG to address the proposals in the tabled motion on the SPP Offer Cap/Offer Floor. Mike Linn (PPC) provided the second. Motion carried unanimously.

Action Item: Markets+ Design Working Group (MDWG) staff secretary, Kristen Darden, will send an email to the MDWG and MSWG email distribution lists seeking volunteers for a sub-group of stakeholders to work through the Markets+ Scarcity Pricing proposal, specific to the Virtuals Offer Floor/Offer Cap and Interchange Transactions Offer Floor/Offer Cap.

AGENDA ITEMS 8, 8A, 8B, 8C, AND 8D – TARIFF REVIEW, ATTACHMENT A: VIRTUALS, RESOURCE ADEQUACY, INTERCHANGE TRANSACTION, AND CONGESTION MANAGEMENT

Attachment A: Virtuals

Kelli Schermerhorn (SPP) reviewed the updated Virtual Transactions implementation, suspension and mitigation tariff language, given feedback received from the MDWG during their October 11th MWG meeting. She brought attention to the updated language that states virtuals will not be allowed at Markets+ boundary interface settlement locations and additional clarification on the Market Operator's discretion if virtuals are still aiding price convergence. The MDWG decided to remove the list of elements that the Market Operator may consider when determining if virtual transaction suspension is necessary. The group also modified language to clarify exactly when a suspension and its cause must be posted publicly on the Marketplace Portal.

Motion: Kent Walter (APS) motioned to approve Attachment A, Sections 2.1.1-2.1.3 and 5.4 (Virtuals) as modified during the MDWG. Scott Miller (WPTF) provided the second. Motion carried with two abstentions (PGP and WRA).

Attachment A, Sec. 5.1: Resource Adequacy

This agenda item was not covered during the MDWG. It has been assigned to the Markets+ Operations and Reliability Working Group (MORWG) for review prior to MDWG review.

Attachment A, Sec. 4.3: Interchange Transaction



Tuuli reviewed Attachment A, Section 4.3-4.3.3 (Interchange Transaction), stating the language was created and approved by the MSWG. The group approved the language with one abstention.

Motion: Tuuli Hakala (CCPUD) motioned to adopt Attachment A, Sections 4.3-4.3.3 (Interchange Transactions) as presented and approved by the Markets+ Seams Working Group (MSWG). Laura Trolese (TEA) provided the second. Motion carried with one abstention (PGP).

Attachment A, Sec. 2.3.2: Congestion Management

Tuuli reviewed Attachment A, Section 2.3.2 (Congestion Management), stating the language was created and approved by the MSWG. The group unanimously approved the language.

Motion: Russ Mantifel (BPA) motioned to adopt Attachment A, Section 2.3.2 (Congestion Management) as presented and approved by the MSWG. Kent Walter (APS) provided the second. Motion carried unanimously.

AGENDA ITEM 9 – MARKETS+ TRANSMISSION POLICY OVERVIEW

Joe Taylor (Xcel) provided the history of the Markets+ Transmission Working Group's (MTWG) efforts, stating the group identified three specific areas requiring tariff language modifications:

- Definitions
- Attachment D – Markets+ Transmission
- Attachment A, Sec. 8 – Transmission Capacity Obligations

AGENDA ITEMS 10, 10A, AND 10B – MARKETS+ TRANSMISSION TARIFF REVIEW, ATTACHMENT D (MARKETS+ TRANSMISSION), AND ATTACHMENT A (MARKETS TRANSMISSION USE CHARGE SETTLEMENTS)

Attachment D/Attachment A, Sec. 8: Markets+ Transmission

Joe reviewed the associated language for Markets+ Transmission, stating the language had been created and approved by the MTWG. The group approved the language with two abstentions.

Motion: Mike Linn (PPC) motioned to adopt Attachment D (Markets+ Transmission) and Attachment A, Sections 8-8.3 (Transmission Capacity Obligations) as presented and approved by the Markets+ Transmission Working Group (MTWG). Laura Trolese (TEA) provided the second. Motion carried with two abstentions (APS and SRP).

Arizona Public Service (APS) Abstention: *APS abstained from approving the transmission tariff language because the language includes the ability to remove transmission from the market and defers critical design components to the protocols for what*



transmission is eligible and how it will operate within the market solution.

Attachment A, Sec. 7.11, 9.8-9.8/Appendix 2: Markets Transmission Use (MTU) Charge Settlements

Steve White (SPP) reviewed the MTU charge settlements tariff language, explaining the need for two new settlements calculation:

- Market Transmission Use Amount
- Market Transmission Use Distribution Amount

He also reviewed Attachment A, Appendix 2 (MTU Rate Template), which was created by the Markets+ Rates Task Force (MRTF). The group reviewed and approved the language with one abstention.

Motion: Laura Trolese (TEA) motioned to endorse the Markets+ Transmission Use (MTU) settlements charge types as presented. Russ Mantifel (BPA) provided the second. Motion carried with one abstention (SCPUD).

Snohomish County Public Utility District (SCPUD) Abstention:
SCPUD agrees the tariff language captures the intent of the service offering and scope of MRTF. However, Snohomish has an ongoing concern that this MTU charge only addresses lost ST sales revenue for TSPs and does not address potentially lost secondary transmission sales revenue by holders of TSRs.

AGENDA ITEM 11 – MARKETS+ GREENHOUSE GAS

This agenda item will be covered during the 11/3 MDWG meeting.

AGENDA ITEM 12 – ATTACHMENT A: SETTLEMENTS

Materials for this agenda item are in background materials.

AGENDA ITEM 13 – TARIFF REVIEW: ATTACHMENT A, SECTIONS 9.8 AND 9.9: MARKET TRANSMISSION USE (MTU) RATE

The MTWG did not take action. The group will review and take action during a future MTWG meeting.

AGENDA ITEM 14 – MARKETS+ TRANSMISSION POLICY OVERVIEW

This agenda item was not covered.



AGENDA ITEM 15 – SUMMARY OF MOTIONS AND ACTION ITEMS

Motions are listed above and new action items are below.

Action Item: Markets+ Design Working Group (MDWG) staff secretary, Kristen Darden, will send an email to the MDWG and MSWG email distribution lists seeking volunteers for a sub-group of stakeholders to work through the Markets+ Scarcity Pricing proposal, specific to the Virtuals Offer Floor/Offer Cap and Interchange Transactions Offer Floor/Offer Cap.

AGENDA ITEM 16 – FUTURE MEETINGS

[MDWG Future Meeting Registration](#)

Date: November 3rd, 2023

Location: Net-Conference

Time: 10:30 a.m. – 5:00 p.m., CPT (8:30 a.m. – 3:00 p.m., PT/9:30 a.m. – 4:00 p.m., MT)

[MDWG Future Meeting Registration](#)

Date: November 17th, 2023

Location: Net-Conference

Time: 10:30 a.m. – 5:00 p.m., CPT (8:30 a.m. – 3:00 p.m., PT/9:30 – 4:00 p.m., MT)

[MDWG Future Meeting Registration](#)

Date: November 28th, 2023

Location: Net-Conference

Time: 10:30 a.m. – 5:00 p.m., CPT (8:30 a.m. – 3:00 p.m., PT/9:30 a.m. – 4:00 p.m., MT)

AGENDA ITEM 17 – OPEN DISCUSSION

Russ allowed opportunity for open discussion.

AGENDA ITEM 18 – ADJOURNMENT

Russ adjourned the meeting at 4:30 p.m., PT, Thursday, October 26th.

Respectfully Submitted,

Kristen Darden
MDWG Secretary

Attachments:

- *N Detmer_PSCO_Proxy_102623*
- *Vincent Ching_PSE_Proxy_102623*

